

# TANTALLON TECH & SUSTAINABILITY FUND

The Tantallon Tech & Sustainability Fund is a Cayman Island vehicle that invests in listed equities globally. The fund targets a concentrated portfolio of around 20 names seeking returns from long-term growth companies as well as cyclical opportunities.

Tantallon Capital Advisors, the advisor since inception in 2017, is a Singapore-based entity holding a Capital Markets Service License in Fund Management from the Monetary Authority of Singapore.

The fund gained 5% in April in line with a broad market recovery and cash holdings in excess of 50%. Our technology holdings contributed a majority of the gains and account for 70% of our equity holdings.

We remain suspicious of this rapid tech-led rebound, especially in semiconductors and tech hardware which we follow closely. We may have underestimated that a large proportion of funds need to stay fully invested and identify technology as part of the solution to our new Covid-19 future while the business models of many other sectors have gone from somewhat challenged to severely disrupted.

Tech, especially semis and internet, delivered on an earnings rebound in 2020Q1 which was impressive given the reports came during April at the height of the Covid-19 crisis. 38% yoy profit growth for semi & semi equipment (ex memory) coupled with 25% yoy profit growth for internet & software drove overall sector operating profit growth of about 9% yoy. This was impressive after 2019 started with -16% yoy in Q1 and then only improved to flat yoy by Q4. But it also illustrates that 2019Q1 set a low base which made for pretty easy comps.

In addition, geopolitics played a major role in boosting Chinese semi equipment demand for the past 3-4 quarters which saw 50%+ of all equipment globally go to China and Taiwan. China is keen to get equipment on shore for

## Performance

Tantallon Tech & Sustainability Fund Size USD 11mn (Cayman is Feeder) (Inception Jan 17)

	<u>Fund</u>	<u>MXWD*</u>	<u>O/U Perf</u>	<u>MXWD0IT**</u>	<u>GSIN***</u>
Apr 2020	+5.0%	+10.6%	- 5.6%	+13.2%	+10.3%
2020 YTD	-6.6%	-13.5%	+6.9%	- 2.6%	-11.9%
2019	+ 8.9%	+24.0%	-15.1%	+45.1%	+25.8%
2018	-14.1%	-11.2%	- 2.9%	- 6.8%	- 9.5%
Inception	+8.8%	+16.0%	- 7.2%	+84.9%	+19.0%

\* MSCI ACWI Index

\*\* MSCI ACWI Information Technology Index

\*\*\* MSCI World ESG Leaders Index

## FUND DETAILS

**Investment Manager:** Tantallon Capital Advisors Pte Ltd  
**Fees:** 1.5%pa Management fees

**Administrator:** DBS Bank Ltd  
**Minimum Investment:** USD 1,000,000

**Domicile:** Cayman Islands  
**Custodian:** DBS Bank Ltd

**Feeder funds**  
 Offshore (Cayman Is)

**Auditor:** KPMG  
**Lawyers:** Harney Westwood & Riegels Singapore  
 Morgan Lewis Stamford LLC

**Dealing:** Monthly  
**Contact:** Boris Petersik  
 (Boris@tantalloncapital.com)

its foundry and memory ambitions before US export policy is tightened even further. Cyclically, this kind of momentum is unlikely to last.

The only area where we see a continued recovery in 2020 is memory which saw pricing bottom in in the second half of 2019 and therefore we have positioned here to participate.

We have started to dip our toes into the data services business by building up a position in Chief Telecom in

	2020	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Fund Monthly Gross Return		-1.7%	1.3%	-9.8%	5.4%								
Fund Cumulative Gross Returns		-1.7%	-0.5%	-10.2%	-5.4%								
Fund Monthly Net Returns		-2.0%	1.0%	-10.1%	5.0%								
Fund Cumulative Net Returns		-2.0%	-1.0%	-11.0%	-6.6%								
Equity Monthly Returns		-2.2%	1.5%	-7.0%	10.6%								
Equity Cumulative Returns		-2.2%	-0.7%	-7.7%	2.1%								

Taiwan which is the leading local provider of Internet Data Centers and Cloud Application Services. The 2 divisions account for 40% of revenue and are growing at 10% and 30%, respectively and we expect a continued margin uplift to overall results.

We also remain heavily invested in eMemory where counter-cyclical growth can be expected in 2020-21 due to the acceptance of its memory IP by a new set of larger clients with broader applications.

On the sustainability front, we continue to re-build our positions in electric mobility and renewable energy, albeit at a measured pace. The more immediate Covid-19 crisis is taking attention away from the challenges of climate change but we expect continued progress in most geographies aside from the US.

In solar, we see the current supply chain disruption as the last in a series of consolidation phases spanning the past 2 decades prior to steady and strong growth due to the undeniable economic/cost advantages of solar energy generation. The 2020 disruption will cause the shift of about 20-30GW into 2021 and force another round of price cuts which will set the industry leaders on a path to multi-year dominance. We see Longi, Xinyi, Tongwei and Jinko as the key candidates to reach record profits in 2021 after a correction off 2020Q1 record highs.

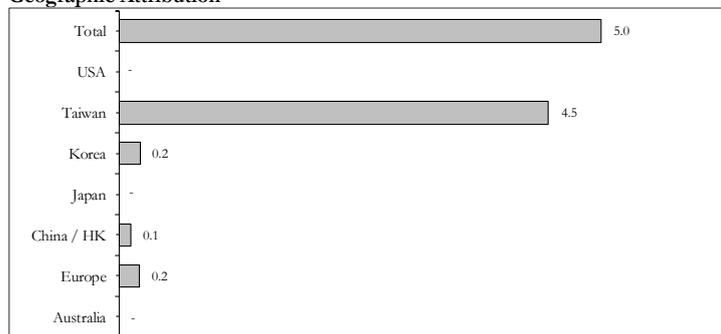
Given the more concentrated nature of the wind industry, we are already building our exposure given a steady increase in order backlog.

The EV industry and its supply chain maybe the easier sector to get right in 2020 as the auto world has hit rock bottom in Q1 while still scrambling for an answer to TSLA amid a multi-year downturn. The Chinese auto retail market is recovering from 40% unit declines in Q1 to 9% declines in April. While EVs are lagging on a yoy basis given the high 2019H1 base, they are also coming back fast from a very low Q1 base. Meanwhile European sales are showing good growth on the back to aggressive model launches. The US market, while significant for Tesla, will not be significant for the rest of the industry.

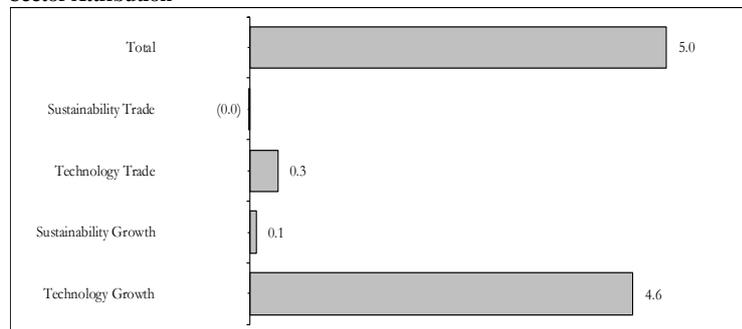
A relatively concentrated group of 5-6 leading battery makers and their supply chains remain our focus. We have rebuilt a position in BYD and continue to expand our holdings in battery cells, equipment and electronics.

% OF ASSETS ALLOCATION	EXPOSURE
Taiwan	28.1%
H K / China	9.5%
Europe	4.8%
Korea (South)	4.7%
United States	0.0%
Japan	0.0%
Cash	52.9%
<b>Total</b>	<b>100.0%</b>

#### Geographic Attribution



#### Sector Attribution



#### Equity Positions

Total	9	Largest 5	38.1% of NAV	Liquidity	0.1 days	Mkt Capitalization	>7.5Bn	30.5%
						Gross Exposure (USD)	>1Bn-7.5Bn<	19.9%
							<1Bn	49.6%

#### Top Holdings

Ememory Technology Inc (TT)	21.2%
Nari Technology Co Ltd-A (CG)	5.1%
Samsung Electronics Co Ltd (KP)	4.8%
United Microelectronics Corp (TT)	4.6%
S.O.I.T.E.C (FP)	2.4%

#### Main Contributors - Apr

Ememory Technology Inc (TT)
S.O.I.T.E.C (FP)
Samsung Electronics Co Ltd (KP)
Nari Technology Co Ltd-A (CG)
United Microelectronics Corp (TT)

#### Main Detractors - Apr

Vestas Wind Systems A/S (DC)
BYD Co Ltd-H (HK)

The Fund has appointed ACOLIN Fund Services AG, succursale Genève, 6 Cours de Rive, 1204 Geneva, Switzerland, as its Swiss Representative. Banque Heritage SA, 61 Route de Chêne, CH-1208 Geneva, Switzerland is the Swiss Paying Agent. In Switzerland shares shall be distributed exclusively to qualified investors. The fund offering documents, articles of association and audited financial statements can be obtained free of charge from the Representative.